

Message Text

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PAGE 01 STATE 007897

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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

TREASURY

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

INFO USSAGE NAKHON PHANOM

CINCPAC

COGARD

AMEMBASSY BUDAPEST BY POUCH

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

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COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: JANUARY 13 EA PRESS SUMMARY

1. INDOCHINA

NVN NEWS AGENCY REPORT MONITORED IN HK QUOTED MFA SPOKESMAN

AS SAYING US SR-71 MADE RECON FLIGHT OVER HANOI AND OTHER

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PAGE 02 STATE 007897

LOCALITIES, AND DEMANDING THAT US STOP (WP, NYT). LATEST

FLIGHT BY US PLANE OVER HANOI STATED TO BE ON NOV 28 AND OVER HAIPHONG JAN 4 (AFP, NYT). GELB (NYT) SAYS DOD SPOKESMAN BEECHER CONFIRMED RECON FLIGHTS OVER SVN AND CAMBODIA, BUT WOULD ONLY "NO COMMENT" ABOUT FLIGHTS OVER NVN. QUOTES ANOTHER "AUTHORITATIVE" DOD OFFICIAL THAT UNARMED US AIRCRAFT HAD BEEN FLYING OVER NVN "FOR SOME TIME," IN VIOLATION OF SECRET UNDERSTANDING MADE BETWEEN US AND NVN AT C-F SIGNING, AFTER REPEATED WARNINGS TO NVN ABOUT C-F VIOLATIONS, PARTICULARLY BRINGING DOWN NEW MEN AND SUPPLIES INTO SVN. NOTES THAT QUESTION OF RECON FLIGHTS AROSE IN PAST FEW DAYS WHEN HANOI CHARGED THAT US RECON PILOTS WERE DIRECTING GVN AIR STRIKES AGAINST COMMUNIST FORCES IN SVN. WHEN ASKED ABOUT THIS, SEVERAL ADMIN OFFICIALS SAID IT WAS HIGHLY UNLIKELY AND WOULD BE TOTALLY CONTRADICTORY TO WASHINGTON INSTRUCTIONS; BUT SAID THAT NEITHER PENTAGON NOR STATE DEPT HAD TRIED TO CHECK ALLEGATION. GELB COMMENTS THAT RECON FLIGHTS OVER SVN ARE CONSIDERED "GRAY" AREA UNDER C-F THAT BANS ALL

"ACTS OF FORCE" BY US IN SVN; HANOI INSISTS THAT THIS INCLUDES ALL TYPES OF RECONNAISSANCE, WHILE WASHINGTON MAINTAINS THAT UNARMED RECON IS PERMITTED.

GROUP OF OPPOSITION POLITICIANS IN SAIGON SAYS US PAID THIEU SEVEN MILLION DOLLAR BRIBE TO GET HIM TO ACCEPT C-F, BASED ON REPORT DRAFTED BY SOUTH VIETS LIVING IN US, DATED DEC 18, 1972, BUT ONLY RECENTLY AVAILABLE IN SAIGON (UPI SAIGON).

GVN MIL SOURCES SAY TROOPS SUPPORTED BY AIR AND ARTILLERY HIT COMMUNIST FORCES AROUND HOAI DUC DISTRICT TOWN, 55 MILES NE OF SAIGON, IN MOVE TO RELIEVE PRESSURE (REUTER, NYT). ARVN REPORTEDLY BREAKS VC SIEGE OF HOAI DUC; ACCORDING FIELD REPORTS, VC FORCES PULLED BACK TO AVOID Pincer MOVEMENT (AP NYDN, SUN, PHINQ). GVN FORCES ALSO OPEN MAIN ROAD TO TAY NINH, CLEARING WAY FOR REFUGEES FLEEING TO SAIGON OUT OF FEAR TAY NINH CITY IS COMMUNISTS' NEXT TARGET. VISITORS TO TAY NINH SAID CITY WAS "DEAD" (AP, NYDN).

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 007897

KHMER INSURGENTS ATTACK MEKONG TOWN OF NEAK LUONG FROM THREE SIDES IN APPARENT EFFORT TO CHOKE OFF PP'S MAJOR REMAINING LIFELINE. MIL SOURCES SAY LAST REMAINING ENCLAVE ON OPPOSITE RIVER BANK HAS BEEN ABANDONED. NO TRAFFIC ON MEKONG SINCE REBELS STARTED NEW YEAR'S DAY OFFENSIVE. MIL SOURCES SAY THOUSANDS OF REFUGEES STREAMING INTO NEAK LUONG, WHICH IS UNDER CONTINUOUS FIRE (AP PHINQ, NYDN, SUN; WP). WESTERN NEWSMEN WHO

RETURNED FROM NEAK LUONG SAY TOWN APPEARED IN DANGER OF FALLING AND DESCRIBE SITUATION AS "CRITICAL" (WP). UPI (PP) QUOTES GKR SOURCES THAT US PLANES HAVE BEGUN AIRLIFT AT REQUEST OF HIGH COMMAND TO RESUPPLY CAPITAL WITH MIL EQUIPMENT. SOURCES SAY USAF C-130S, PILOTED BY "AMERICAN CIVILIANS," HAVE MADE EIGHT OR NINE FLIGHTS TO PP DAILY SINCE SATURDAY CARRYING ARMS AND AMMO.

REBELS FIRED DOZEN ROCKETS INTO PP AND KILLED TWO CHILDREN, ACCORDING REPORTS FROM SCENE. OVER 100 PERSONS KILLED OR WOUNDED IN DAILY SHELLINGS SINCE START OF INSURGENT OFFENSIVE (WP; AP PHINQ, SUN). WESTERN DIPLOMATS SAY QUICK RESPONSE FROM GKR TROOPS HAS APPARENTLY BLUNTED FIRST PHASE OF REBEL DRIVE AROUND CAPITAL, BUT SECOND PHASE COULD COME ANY DAY (WP; AP, SUN).

NYT'S SCHANBERG FROM PP REPORTS GKR SENT REINFORCEMENTS INTO NEAK LUONG BY CHOPPER. NOTES REPORTERS DIFFER AS TO HOW GRAVE SITUATION THERE IS; WHILE KHMER MIL SOURCES AND "THEIR AMERICAN BACKERS" TENDED TO BE MORE OPTIMISTIC, OTHER SOURCES - INTERNATIONAL RELIEF WORKERS, WESTERN MIL ANALYSTS, DIPLOMATS AND REFUGEES - GENERALLY REPORT HEAVY INSURGENT PRESSURE. POINTS OUT STRATEGIC IMPORTANCE OF TOWN BECAUSE SUPPLIES FOR PP MUST BE SHIPPED UP MEKONG. SAYS RIVER AND NEAK LUONG HAVE BECOME FOCUS OF INSURGENT OFFENSIVE. BECAUSE OF CONTINUING PRESSURE AROUND PP, GKR HAS BEEN UNABLE TO SHIFT NECESSARY REINFORCEMENTS TO MEKONG FRONT. AS RESULT, REBELS HAVE SEIZED CONTROL OF ALMOST ENTIRE RIVER FROM BELOW PP TO SVN BORDER. SCHANBERG REPORTS MEKONG CONVOYS HAVE BEEN INDEFINITELY POSTPONED AND UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 007897

CITY WILL SOON BEGIN TO SUFFER SHORTAGES IF SITUATION CONTINUES. SAYS CAMBODIAN PLANES, AND US AIRCRAFT FROM THAILAND, PARACHUTE AMMO INTO NEAK LUONG, WHERE FOOD IS RUNNING SHORT AND TOWN IS JAMMED WITH OVER 20,000 NEW REFUGEES. OPINES THAT REINFORCEMENTS SENT IN WERE CLEARLY INSUFFICIENT, BUT DEVELOPMENTS AROUND PP MAKE IT CLEAR WHY MORE COULD NOT BE SPARED.

AT HANOI CONFERENCE ON FAMILY PLANNING, PHAM VAN DONG PRAISED COUNTRY'S YOUNG MARRIEDS FOR "BIRTH CONTROL SUCCESSES." NVN NEWS AGENCY REPORTED THAT HUNDREDS OF THOUSANDS OF NVN COUPLES ARE NOW USING CONTRACEPTIVES (AP, WP).

2. JAPAN

REUTER (YOKOSUKA) SAYS CARRIER MIDWAY, ESCORTED BY TWO DESTROYERS AND MISSILE FRIGATE, SAILED FOR UNDISCLOSED DESTINATION JAN. 13, WEEK AFTER 7TH FLT FLAGSHIP OKLAHOMA SAILED FOR UNANNOUNCED DESTINATION. NOTES CORAL SEA REPORTED IN SOUTH CHINA SEA, AND ENTERPRISE IN INDIAN OCEAN, AS TENSION INCREASES IN VN.

REUTER'S MACKENZIE IN TOKYO REPORTS FM MIYAZAWA DUE TO GO TO MOSCOW WEDNESDAY TO TRY RESUME STALLED PEACE TALKS. CITES MOFA SOURCE THAT PROSPECTS FOR EARLY PEACE TREATY REMOTE, WITH NORTHERN TERRITORIES MAIN POINT OF CONTENTION; ADDS DIPLO SOURCES THINK SOVIET INTRANSIGENCE ON NT LINKED TO ITS BORDER DISPUTE WITH CHINA, AND TO OTHER LANDS OCCUPIED BY SOV FORCES AT END OF WW II.

SINGAPORE PORT AUTHORITY SAYS GROUNDED SUPERTANKER BEGAN TO LEAK OIL AGAIN SUNDAY (PHINQ). IN TOKYO, MARITIME SAFETY AGENCY REPORTS COLLISION BETWEEN LIBERIAN

TANKER AND GREEK FREIGHTER IN STORM OFF SOUTHERN JAPAN, BUT NO OIL SPILLED (AP WP, PHINQ).

WSJ (WASHINGTON) REPORTS TREASURY INVESTIGATING POSSIBLE JAPANESE DUMPING OF BIRCH, THREE-PLY DOORSKINS; 1974 IMPORTS TOTALED EIGHT MILLION DOLS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 007897

JOC'S COLLISON SAYS PERTAMINA LOWERED FOB PRICE OF MINAS CRUDE OIL BY ONE DOL PER BBL, RETROACTIVE TO JAN 1, ON EVE OF DEPARTURE OF PRIVATE BUSINESS MISSION TO PEKING. CITES ONE MEMBER THAT MISSION TASK IS TO INFORM PEKING OF LATEST PERTAMINA PRICE REDUCTION, WITH IMPLICATION THAT PRC MUST REDUCE PRICE IF IT WISHES TO SELL JAPAN CRUDE.

WSJ GLOBAL REPORT NOTES BLEAK PROSPECTS FOR INTL AIRLINES, SAYS GOVT-OWNED JAL ESTIMATES 1974 LOSS GREATER THAN PAA DEFICIT OF 76 MILLION DOLS.

WSJ'S JOSEFIC WRITES THAT WORLD COPPER SITUATION WORSENING, OVERSUPPLY INCREASING, DESPITE REDUCED PRODUCTION, EXPORT BAN BY MAJOR REFINING NATION, JAPAN; IF EXPORTS NOT RESUMED, SAYS RECESSION-HIT REFINERS IN JAPAN COULD ACCUMULATE 700,000-TON SURPLUS STACK BY END OF YEAR.

NYT'S BUTTERFIELD IN TOKYO SAYS JAPAN'S STOCKBROKERS NOT IN SERIOUS FINANCIAL TROUBLE, DESPITE 88 PERCENT DROP IN PROFITS LAST YEAR DUE TO INFLATION, RECESSION AND FALLING VOLUME. ADDS MARKET ALSO REFLECTED DEEP CONCERN

OVER CRISIS IN LDP, CLOSELY ALLIED TO BUSINESS COMMUNITY.

JOC (TOKYO) REPORTS JAPANESE SHIPBUILDERS' CONSENSUS THAT DOUBLE-BOTTOM HULL MIGHT NOT HAVE PREVENTED SINGAPORE OIL LEAK; INSTEAD, FEARS THAT EXPLOSIVE GAS COULD FORM IN OPEN SPACE BETWEEN HULLS, CAUSING MASSIVE BLAST.

UPI SAO PAULO (WP) SAYS FORMER JAPANESE HOLDOUT ONODA WANTS TO GIVE UP HECTIC PACE OF MONEY-ORIENTED MODERN LIFE IN JAPAN, FULL OF FALSENESS AND LIES, RESETTLE IN BRAZILIAN INTERIOR. ONODA, IN US TO PROMOTE SALE OF BOOK "DNY SORRENDMRRNMY 30 YEAR WAR", APPEARED ON NBC-TODAY MONDAY MORNING.

3. AUSTRALIA

REUTER (MOSCOW) NOTES TASS REPORT OF WHITLAM'S ARRIVAL IN LENINGRAD JAN 12, EN ROUTE TO MOSCOW FOR TALKS
UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 007897

WITH SOVIET LEADERS, FOLLOWING VISIT TO BELGRADE WHERE HE MET TITO (NYT).

UPI CANBERRA (NYT) REPORTS UNEMPLOYMENT AT HIGHEST LEVEL SINCE DEPRESSION; QUOTES LAB MIN CAMERON SAYING, "WHILE WE HAVE A SYSTEM THAT CAN BE MANIPULATED BY GIANT MULTINATIONAL CORPORATIONS, WE HAVE TO EXPECT EMPLOYMENT TO FALL WHENEVER WAGE COSTS REDUCE PROFITS TO LEVELS THAT ARE UNACCEPTABLE TO FOREIGN BOARDROOMS."

4. KOREA

AP (SEOUL) CITES KOREA HERALD REPORT THAT ROKG CONSIDERING RECOGNITION OF PLO TO IMPROVE RELATIONS WITH ARAB WORLD; CITES MOFA SOURCE HOPING MOVE WOULD ENLIST MORE SUPPORT FOR ROK FROM THIRD WORLD NATIONS AT UN (NYDN).

5. THAILAND

RTG OFFICIALS SAY FLOOD TOLL IN SOUTH NOW 160 DEAD, WITH MORE RAIN EXPECTED THIS WEEK (AP SUN, NYDN).

6. CHINA

FRG OPPOSITION LEADER STRAUSS ARRIVED IN PEKING SUNDAY FOR TWO-WEEK VISIT AT INVITATION OF CHINESE PEOPLE'S INSTITUTE FOR FOREIGN AFFAIRS (AFP, NYT).

7. PHILIPPINES

MARCOS SUNDAY POSTPONED NATIONAL REFERENDUM ON MARTIAL LAW FROM JAN 20 TO FEB 27, TO GIVE PEOPLE MORE TIME TO DEBATE ISSUES. RC LEADERS MEETING IN CEBU CALLED TWO EARLIER REFERENDUMS "MOCKERY," AND STATED, "OUR CONSCIENCES COMPEL US TO BOYCOTT THE FORTHCOMING REFERENDUM" (PHINQ).

GOP ELECTION COMMISSION SAYS VOTER LISTS IN 300 DISTRICTS LOST, AND NEW ONES NEEDED TO PERMIT MORE THAN ONE MILLION TO VOTE. ELSEWHERE, 98 EDUCATORS, FORMER LEGISLATORS AND CLERGYMEN CALL FOR SIXTY DAYS OF FREE DISCUSSION UNCLASSIFIED

UNCLASSIFIED

PAGE 07 STATE 007897

BEFORE VOTE, AND SUSPENSION OF MARTIAL LAW TO PERMIT "GENUINE REFERENDUM." IN SPEECH ON TV SUNDAY NIGHT, MARCOS URGED CONTINUATION OF AUTHORITARIAN RULE, ON GROUNDS IT MORE NECESSARY IN CURRENT INTL ECONOMIC CRISIS THAN WHEN MARTIAL LAW IMPOSED IN 1972 (NYT).

COMMENT AND ANALYSIS

8. INDOCHINA

LAT (1/9) OPINES THAT PRES MADE CORRECT RESPONSE TO

PHUOC LONG FALL: HE HAS EXPRESSED CONCERN. BUT THERE WILL BE NO MIL RESPONSE THIS TIME SINCE LESSON HAS BEEN LEARNED THAT US RESTRAINT MAY NOT BRING PEACE BUT IT WILL "AT LEAST MINIMIZE THE CARNAGE." EVENTS DO NOT NECESSARILY SIGNAL IMMINENT COLLAPSE OF REGIMES IN SAIGON, PP AND VIENTIANE AND IT IS EVIDENT, FOR ALL THEIR FAULTS, THEY OFFER BETTER FUTURE FOR THEIR PEOPLE THAN DOES HANOI. SAYS NVN'S FLAGRANT VIOLATION OF C-F CANNOT BE SEPARATED FROM INTL CYNICISM THAT AGREEMENTS WERE ONLY COVER FOR US DEPARTURE -- MEANS TO BUY "DECENT INTERVAL" BETWEEN WITHDRAWAL AND "WHATEVER DIRE THINGS THE COMMUNISTS MIGHT THEN DO." LAT REVIEWS CATALOG OF ATROCITIES IN VN: WHAT FRENCH, US AND HO CHI MINH DID. WONDERS WHAT WILL REMAIN WHEN WAR ENDS. CONCLUDES THAT C-F LIMITS ON ARMS SUPPLIES MUST NOT BE VIOLATED IN FUTURE AND TEMPTATION TO RESPOND TO DISASTER WITH NEW FLOOD OF ARMS MUST BE RESISTED, SINCE "OF THAT THERE ALREADY HAS BEEN TOO MUCH."

GLOBE (1/11) OBSERVES PHUOC BINH FALL HAS REVIVED DEBATE OVER US MIL AID TO SVN. OPINES THAT COMMUNIST SUCCESSES SHOULD PROVIDE NO RATIONALE FOR MORE US SUPPORT OF "REPRESSIVE" SAIGON GOVT. NOTES THAT FOR

DECADE REBEL ADVANCES HAVE HAD THAT RESULT, YET
MASSIVE INFLUX OF US ARMS HAS BROUGHT WAR NO CLOSER
TO END BUT HAS HAD OPPOSITE EFFECT. SO LONG AS BOTH
SIDES SPURN POLITICAL SETTLEMENT, HOSTILITIES WILL
CONTINUE. C-F REQUIRED ELECTIONS WITH PARTICIPATION
UNCLASSIFIED

UNCLASSIFIED

PAGE 08 STATE 007897

OF OPPOSITION, BUT THIEU HAS NO INCENTIVE TO RISK
SUCH ELECTIONS WHILE US PERPETUATES HIS POWER WITH
ENDLESS MIL AID. SAYS WE MUST "CUT UMBILICAL CORD"
TO THIEU TO FORCE HIM TO NEGOTIATE; ALTERNATIVE WILL
SQUEEZE US TAXPAYER TO CONTINUE ARMS FLOW. MAINTAINS
BOTH SIDES IN VN HAVE LEGITIMATE CLAIMS OF C-F
VIOLATIONS BY OTHER. SEES ISSUE SIMPLER FOR US:
HIGH MIL AID FOR THIEU FRUSTRATES POLITICAL SETTLEMENT
AND US MUST LEAVE SOUTH VIETS TO FEND FOR THEMSELVES
SINCE WE HAVE ALREADY WASTED MORE LIVES AND DOLLARS THERE
THAN ANY RATIONAL ASSESSMENT OF OUR INTERESTS COULD
JUSTIFY.

MARVIN KALB (CBS - RADIO) SAYS WHAT IS SHAPING UP THIS
WEEK AS CONGRESS RECONVENES IS SHAPE OF CONFRONTATION
BETWEEN CAPITOL HILL AND FORD ADMIN ABOUT ISSUE OF MORE
AMERICAN AID FOR SVN. "SHAPE," BUT NOT "SUBSTANCE,"
OF CONFRONTATION, BECAUSE ON NEITHER SIDE OF EXPECTED

BATTLE LINES IS THERE ANY REAL COMMITMENT TO GET U.S.
INVOLVED IN INDO-CHINA ALL OVER AGAIN. THIS DOES NOT
MEAN ADMIN WILL NOT LOOK SINCERE; PRESIDENTIAL REQUEST
PROPERLY GRIM WILL BE SENT CAPITOL HILL FOR SEVERAL HUNDRED
MILLION DOLLARS IN MORE ECONOMIC AND MILITARY AID --
ROUGHLY SAME AMOUNT CONGRESS CUT OUT OF LAST REQUEST.
SPOKESMEN ON BOTH SIDES WILL DUTIFULLY UNDERSCORE
IMPORTANCE OF ADDITIONAL FUNDING. HAK WILL PROBABLY
JOURNEY TO NEW CONGRESS AND APPEAL FOR COOPERATION --
MONEY HE WILL SAY FOR SECURITY OF INDOCHINA.

BUT NEW CONGRESS WILL HAVE NEW SKEPTICISM ABOUT ANY
ADMIN REQUEST AND NEW SKEPTICISM, IT SEEMS, ABOUT HAK,
HIMSELF. AFTER ALL, IT WAS NIXON-KISSINGER POLICY
WHICH KEPT U.S. MILITARILY INVOLVED IN INDO-CHINA FROM
1969 TILL JANUARY 1973. FOR THIS REASON AND OTHERS,
ADMIN WANTS TO APPEAR FIRM IN ITS LOYALTY TO THIEU REGIME,
BUT BY LAW IT CANNOT GET INVOLVED MILITARILY AND BY
TEMPERAMENT AND EXPERIENCE IT MAY NOT WANT TO GET INVOLVED
ECONOMICALLY ANYMORE THAN IT ALREADY IS. BESIDES, U.S.
HAS MASSIVE ECONOMIC PROBLEMS OF ITS OWN. BUT TO HIGH
OFFICIALS IN WASHINGTON, APPEARANCE IS VERY IMPORTANT
UNCLASSIFIED

UNCLASSIFIED

PAGE 09 STATE 007897

POLITICALLY. IF ADMIN ASKS CONGRESS TO HELP AND CONGRESS REFUSES -- WHICH IS VERY LIKELY -- AND THEN SVN COLLAPSES, ADMIN CAN ALWAYS SAY IT IS CONGRESS' FAULT. THAT MAY SOUND LIKE VERY CYNICAL APPROACH, AND FEW IN WASHINGTON WOULD DISPUTE THAT.

9 . CHINA

IN "NOTES ON CHINA," NYT'S LELYVELD, IN HK, OBSERVES THAT IN PROBABLY ONE OF PRC'S BIGGEST ORGANIZED CAMPAIGNS ON INTERNATIONAL THEME IN YEARS, INDUSTRIAL WORKERS IN KEY CENTERS HAVE BEEN URGED TO "STUDY THE INTERNATIONAL SITUATION" WITH SPECIAL EMPHASIS ON "DECAYING NATURE OF CAPITALISM" AS EXPOSED IN PRESENT ECONOMIC CRISIS. QUAIN INDICATION OF CHINESE SENSE OF DISTANCE FROM SUBJECT CROPPED UP IN KWANGSI PROVINCE WHERE, ACCORDING TO BROADCAST, OLDER WORKERS AT NANNING CASTING WORKS HAD TO BE ASKED TO EXPLAIN "INFLATION."

LELYVELD NOTES THAT NEW YEAR S EDITORIALS OFFERED NO GROWTH STATISTICS FOR 1974 -- ONE STRONG HINT AMONG MANY THAT YEAR DID NOT LIVE UP TO EXPECTATIONS. DISAPPOINTING PERFORMANCE APPEARS, IN PART, TO HAVE BEEN RELATED TO IDEOLOGICAL CAMPAIGN THAT PREOCCUPIED CHINA IN YEAR'S FIRST HALF. NOW, ENTERPRISES THAT SLIPPED BADLY IN PRODUCTION ARE SAID TO BE MAKING UP FOR LOST TIME.

ACCORDING LELYVELD, THERE IS OBVIOUSLY MORE TO STRESS ON INTERNATIONAL SITUATION THAN DESIRE TO SPREAD IDEA THAT THINGS COULD BE WORSE. CRISIS-RIDDEN "CAPITALIST WORLD," DESCRIBED IN FACTORY-FLOOR LECTURES, INVARIABLY INCLUDES SOVIETS. AS ECONOMIC CRISIS WORSENS, CHINESE HAVE BEEN SAYING, SO DOES DANGER OF US-SOVIET WAR.

MERLE GOLDMAN, OF BOSTON U AND HARVARD, REPORTS ON CHINA VISIT WITH DELEGATION OF US UNIVERSITY PRESIDENTS (CSM). FOUND PRC HIGHER EDUCATION STILL IN STATE OF FLUX, NOT RECOVERED FROM GPCR'S DISRUPTION. TOTAL NUMBER OF UNIVERSITY STUDENTS IS RELATIVELY SMALL (400,000), THOUGH TEACHING FACULTY COULD HANDLE MORE. TOURING UNCLASSIFIED

UNCLASSIFIED

PAGE 10 STATE 007897

CLASSROOMS, DELEGATION FOUND MANY STUDENTS ABSENT, MAJORITY HAVING GONE TO WORK IN FACTORIES OR INTO COUNTRYSIDE. FEW WHO REMAINED, AT LEAST THOSE IN

LIBRARIES, WERE WRITING ARTICLES ON ANTI-CONFUCIAN CAMPAIGN; THIS WAS TRUE EVEN IN TSINGHUA, CHINA'S MIT.

WHEN GROUP MOVED TO UNIVERSITIES IN NANKING, SHANGHAI AND CANTON, THEY FOUND MORE STUDENTS WERE WORKING ON "ACADEMIC SUBJECTS" -- THOUGH LEVEL OF MATH AND SCIENCES WAS MORE COMPARABLE TO US HIGH-SCHOOL LEVEL.

CHINESE ACKNOWLEDGED PROBLEM OF MODERNIZING COUNTRY WITH SUCH SMALL NUMBER OF UNIVERSITY STUDENTS DOING ADVANCED WORK, BUT HAD NO ANSWER. RESUMPTION OF ACADEMIC WORK HAS BEEN HINDERED BY CADRES' DOMINATION OF UNIVERSITY LIFE; AND SINCE ALL PRE-GPCR TEACHING MATERIALS HAVE BEEN DISCARDED, PROFESSORS SPEND MOST TIME PREPARING NEW MATERIALS. IN ADDITION, NUMBER OF YEARS REQUIRED TO GRADUATE REMAINS CURTAILED. IF STUDENTS ARE SENT ABROAD FOR ADVANCED STUDY, QUESTION REMAINS WHETHER NUMBER WILL BE SUFFICIENT TO PROPEL CHINA'S MODERNIZATION.

OBVIOUSLY, POPULATION IS HIGHLY MOTIVATED TO INCREASE AGRICULTURAL PRODUCTION -- BUT NOT TO PURSUE ADVANCED RESEARCH. GOLDMAN SAYS AGRICULTURE RECEIVED GREATEST EMPHASIS IN DELEGATION'S MEETING WITH DEPUTY PM TENG. ALTHOUGH TONE OF TENG'S REMARKS INDICATED THERE MAY BE SOME DISAGREEMENTS ON PRIORITIES, SUPPORT FOR REGIME SEEMED GENUINE WITHIN UNIVERSITIES; AND WITH OBVIOUS SINCERITY, VIRTUALLY EVERYONE RECOUNTED HOW MUCH BETTER LIFE IS NOW THAN BEFORE REVOLUTION. STILL, THERE WERE UNDERCURRENTS OF TENSION IN WALL POSTERS -- WHOSE VERY APPEARANCE SEEMED CONTRADICTION OF REGIME'S CURRENT DRIVE FOR UNITY. DELEGATION SAW ONE INSTANCE THAT COULD BE INTERPRETED AS OPEN DISSIDENCE: OUTSIDE CANTON,

YOUNG GIRL THRUST INTO WINDOW OF AUTO LETTER ADDRESSED IN ENGLISH TO MAO. MOST PLAUSIBLE INTERPRETATION OF ACT IS THAT SHE HAD MESSAGE FOR MAO WHOM SHE BELIEVED SHE COULD NOT REACH BECAUSE OF "BAD OFFICIALS" AROUND HIM, SO SHE SOUGHT TO CONTACT HIM THROUGH FOREIGNERS WHO MIGHT UNCLASSIFIED

UNCLASSIFIED

PAGE 11 STATE 007897

HAVE GREATER ACCESS THAN ORDINARY CITIZEN.

10. AUSTRALIA

JOC'S STOVE IN SYDNEY (1/10) OBSERVES THAT AUSTRALIA ENTERED 1975 IN STATE OF ECONOMIC SHOCK, HOPING WORST WAS OVER BUT FEARING IT WAS YET TO COME. AUSSIES, ACCUSTOMED TO "LUCKY COUNTRY" IMAGE, WERE NOT CONDITIONED FOR ECONOMIC PROBLEMS OF 1974. OUTPUT IS DOWN, STOCKMARKET IS DEPRESSING SCENE, AND UNEMPLOYMENT RISING TO SERIOUS

PROPORTIONS IN NATION WHERE FULL EMPLOYMENT LONG CONSIDERED
SOCIAL NECESSITY. MINING HOPES TO BE LEAST AFFECTED
SECTOR, PROVIDED JAPAN'S ECONOMY DOES NOT DETERIORATE
DRAMATICALLY.

BECAUSE CREDIT FREELY AVAILABLE, CORPORATE FAILURE NOT
EXPECTED TO CONTINUE AT 1974 LEVEL. BUT DEPRESSED
STOCK MARKET MAY ENCOURAGE "TAKEOVER" OPERATIONS -- NOT
NECESSARILY BY FOREIGN INVESTORS WHO MUST MEET STRINGENT
GOVT REQUIREMENTS. QUOTES FINANCIAL EDITOR SAYING,
"MUCH IN FACT DEPENDS ON THE AMERICAN ECONOMY. IF,
AS IS QUITE POSSIBLE, THE UNITED STATES EXPERIENCES
A SHARP RECESSION, THEN THE SHOCK WAVES ON AUSTRALIA,
THROUGH JAPAN, COULD BE CONSIDERABLE." INGERSOLL

NOTE BY OC/T: POUCHED BUDAPEST.

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